

Attachment A
A Summary of Proposed Funding Allocation
and Distribution Recommendations
Missouri Highways and Transportation Commission
February 7, 2006

Background

In preparing for the development of the 2007 – 2011 Statewide Transportation Improvement Program (STIP), MoDOT staff has had several funding variables to consider.

- 1) In August 2005, the new federal funding bill, SAFETEA-LU, was signed. This legislation authorized additional federal funding and programs for Missouri, while also identifying both high-priority projects and discretionary projects throughout the state.
- 2) In addition, state revenue receipts have been fluctuating with higher oil and gas prices.
- 3) Also, internal budgetary decisions regarding departmental operations were reviewed and finalized.

Each of these variables played a role in projecting available funds for 2007 – 2011 STIP, which will be presented to the Missouri Highways and Transportation Commission in July, and the funding distribution recommendations presented below.

MoDOT staff has also reviewed the funding distribution of sub-allocated programs concerning bridge replacements and rehabilitation, transportation enhancements and air quality issues as a result of the changes in the new federal transportation bill.

MoDOT staff estimates an additional \$61 million in uncommitted funds will be available annually above the revenue projections used in the current 2006 – 2010 STIP. Numerous discussions were held with statewide planning partners in order to establish mutual goals for revising the funding distribution policy.

Revised Funding Allocation and Distribution Policy Goals

- Improve condition of Missouri's major highway system
- Deliver Statewide Transportation Improvement Program on time and within budget
- Provide regions flexibility in delivering regional priorities and addressing congressional earmarked projects
- Maintain integrity of Missouri's transportation Planning Framework process for involving the public in making transportation decisions and in identifying transportation priorities

Recommendations Regarding the Funding Allocation and Distribution Policy:

Recommendations for the Missouri Highways and Transportation Commission's consideration regarding funding allocation and distribution modifications are listed below. The results of the recommendations are shown on Attachment A pages 5 and 6.

- 1) **Increase the funds available for Taking Care of the System** by \$30 million per year, which increases the total funds for Taking Care of the System from \$430 million per year to \$460 million per year.
- 2) **Increase Flexible Funds** by \$31 million per year, which is the balance of the projected funding increase. This increases Flexible funds from \$100 million per year to \$131 million per year.
- 3) **Provide funding for discretionary (above-formula) earmarks in addition to the district-distributed funds.** The discretionary funds are additional money for Missouri. They are specific to each earmarked project and are distributed accordingly.
- 4) **Allow for the use of district-distributed federal right of way and construction funds on all high-priority SAFETEA-LU projects,** up to the earmarked amount according to federal and state laws. These high-priority projects are located both on and off the state system.
- 5) **Adjust the data for the funding distribution factors.** The Commission approved the funding distribution method in 2003. With the exception of population data, all data for the new distribution factors has been updated. The 2000 census data is still the best source for population data.
- 6) **Change the annual project growth factor back to 3 percent per year** as used in previous years. This factor had been changed to 2 percent in recent years. Inflation pressures have been present this year resulting in higher material and construction costs, and thus higher project costs than estimated.
- 7) **Consolidate debt service into a statewide cost.** Amendment 3 projects are included in the funding distribution and are specific to each district and state fiscal year. For this reason, debt service was consolidated into a statewide cost to avoid duplicate distribution of funds.
- 8) **Modify the Congestion Mitigation and Air Quality Program, or CMAQ, funding distribution such that the estimated minimum guarantee of CMAQ funds to Missouri is distributed by population to St. Louis and Kansas City. The remaining CMAQ funds (the total Missouri CMAQ funds less estimated minimum guarantee) will be distributed to the areas not meeting federal air quality requirements.** This distribution will use the

same demographics included in apportioning the federal CMAQ funds to Missouri.

For example, Missouri expects to receive approximately \$24.3 million in CMAQ funds in state fiscal year 2007. Of this total, the estimated minimum guarantee of CMAQ funds is \$8.5 million. St. Louis is designated as an area that does not meet federal air quality requirements; Kansas City is designated as an area that now meets the federal air quality requirements. As a result, the estimated distribution of CMAQ funds is as follows.

	<u>St. Louis</u>	<u>Kansas City</u>	<u>Total</u>
Minimum Guarantee CMAQ	\$5.8 million	\$2.7 million	\$8.5 million
Remaining Missouri CMAQ	\$15.8 million	0	\$15.8 million
Total Missouri CMAQ	\$21.6 million	\$2.7 million	\$24.3 million

- 9) **Maintain replacement and rehabilitation funding for bridges not on the state road system** at the 15 percent level through 2009 when SAFETEA-LU expires. This equates to approximately \$23 million annually. SAFETEA-LU requires a minimum of 15 percent of bridge funds be allocated to this county bridge program. (Off-System Bridge Replacement and Rehabilitation Program, or BRO)
- 10) **Maintain replacement and rehabilitation funding at \$500,000 per year through 2009 for the state roads' competitive bridge program for small cities** with a population of 5,000 to 200,000. (On-System Bridge Replacement and Rehabilitation Program, or BRM, for small cities)
- 11) **Maintain replacement and rehabilitation funding at \$6.3 million per year through 2009 for the large urban bridge program** serving the St. Louis, Kansas City, and Springfield regions. (On-System Bridge Replacement and Rehabilitation Program, or BRM, for large cities)
- 12) **Maintain funding at \$3.5 million per year through 2009 for the small city road or bridge program** for cities with a population of 5,000 to 200,000. (Small Urban Surface Transportation Program, or STP-U, for small cities)
- 13) **Maintain funding at approximately \$46 million per year through 2009 serving the St. Louis, Kansas City, and Springfield regions** as mandated in SAFETEA-LU. (Large Urban Surface Transportation Program, or STP-U for large cities)

- 14) **Maintain funding for the Enhancement Program at approximately \$17 million per year** as approved by the Missouri Highways and Transportation Commission in January 2005.